

**TRANSMITTAL AND NOTICE OF APPROVAL OF STATE  
PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

02 - 01

2. STATE:

District of Columbia

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY  
ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

April 13, 2002

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPES OF PLAN MATERIAL (CHECK ONE):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☐ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.252

7. FEDERAL BUDGET IMPACT:

a. FFY 2002 \$ 1.91 mill.

b. FFY 2003 \$ 1.97 mill.

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19A, page 7

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR  
ATTACHMENT (If Applicable):

Attachment 4.19A, page 7

10. SUBJECT OF AMENDMENT:

Hospital for Sick Children - Change in base year

11. GOVERNOR'S REVIEW (CHECK ONE)

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ OTHER, AS SPECIFIED:

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

*Herbert H. Weldon, Jr.*

13. TYPED NAME: Herbert H. Weldon, Jr.

14. TITLE: Senior Deputy Director for health Care Finance

15. DATE SUBMITTED: October 26, 2001

16. RETURN TO:

Herbert H. Weldon, Jr.  
Senior Deputy Director for Health Care Finance  
Medical Assistance Administration  
825 North Capitol Street, NE Suite 5135  
Washington, DC 20002-4210

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

11-01-01

18. DATE APPROVED:

APR 19 2002

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVAL MATERIAL:

04-13-02

20. SIGNATURE OF REGIONAL OFFICIAL:

*Claudette V. Campbell*

21. TYPED NAME:

for Claudette V. Campbell

22. TITLE:

Associate Regional Admin./DMSO

23. REMARKS

5. Medicaid reimbursement for hospital inpatient services rendered during the first cost reporting period beginning on or after November 17, 1990 shall be on a per discharge basis for Children's Hospital National Medical Center, Columbia Hospital for Women, D.C. General Hospital, George Washington University Hospital, Georgetown University Hospital, Greater Southeast Community Hospital, Hadley Memorial Hospital, Howard University Hospital, Providence Hospital and Washington Hospital Center. The Hospital for Sick Children, The Psychiatric Institute, Sibley Memorial Hospital, National Rehabilitation Hospital and St. Elizabeth's Hospital shall be reimbursed based upon a per diem, rather than a per discharge basis.

Effective April 13, 2002 the Hospital for Sick Children's Medicaid payment for inpatient hospital services is based upon the Hospital's audited allowable cost per diem for the base year period defined as the Hospital's fiscal year ending December 31, 1998.

- a. Medicare principles of reimbursement for hospitals not included in the Medicare Prospective Payment System, which stipulates that reimbursement will be based upon reasonable cost limited by an operating cost per discharge amount (TEFRA Target Rate). The TEFRA Target Rate is calculated by dividing reasonable operating costs by the discharges during the base periods beginning on or after October 1, 1981 and before September 30, 1982. A hospital's rate per discharge or per diem shall be based on the reasonable cost of providing care, as determined in accordance with the Title XVIII (Medicare) principles of reimbursement applicable to hospitals not included in the Prospective Payment System, and set forth in Part 413 of Title 42 of the Code of Federal Regulations, with the following exceptions:
1. Operating costs shall be reimbursed at actual audited allowable cost, subject to the TEFRA Target Rate Ceiling. The TEFRA Target Rate Ceiling is determined by calculating a "base year" cost per discharge which is updated for inflation utilizing the update factors adopted by Medicare, except that the target rate percentage update factor for private hospitals for the hospital fiscal year that began on or after October 1, 1989 and before October 1, 1990 shall be 2.5%. The "base year" is defined as cost reporting periods beginning on or after October 1, 1981 and before September 30, 1982.
  2. If a hospital's operating costs are less than, or equal to, its target amount, the hospital shall be entitled to an incentive payment calculated pursuant to 42 CFR 413.40 (d) (2), but no costs in excess of the target amount will be allowable.